

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 IO-13
ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11
AGRE-00 AID-05 CIAE-00 COME-00 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
JUSE-00 NSC-05 /145 W
-----067659 100600Z /17

R 100518Z APR 78
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 5326
INFO AMEMBASSY ANKARA
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
USMISSION GENEVA
AMEMBASSY KINGSTON
AMEMBASSY KUALA LUMPUR
AMEMBASSY LONDON
AMEMBASSY LUSAKA
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY THE HAGUE

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 01789

USOECD

USEEC

E.O. 11652: GDS
TAGS: ETRD, PORG, UNCTAD
SUBJECT: NEW ZEALAND VIEWS ON THE COMMON FUND

REF: (A) LONDON 5393, (B) WELLINGTON 1593 (NOTAL)
- (C) STATE 82918

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1. BEGIN SUMMARY: GOVERNMENT OF NEW ZEALAND (GNZ) IS
NOW FORMULATING MORE SPECIFIC POLICIES ON COMMON FUND
ISSUES. GENERALLY, THE GNZ CAN BE EXPECTED TO STAY
IN THE MAINSTREAM OF GROUP B. ONE CANNOT ASSUME THE
GNZ WILL NATURALLY FOLLOW AN AUSTRALIAN LEAD. END
SUMMARY.

2. THE FORTHCOMING COMMONWEALTH MINISTERIAL MEETING ON COMMON FUND (CF) HAS CAUSED THE GNZ TO SHARPEN ITS OWN THINKING IN THIS AREA. PREVIOUSLY WELLINGTON FOUND IT SUFFICIENT TO HIDE IN THE THICKET OF THE JOINT GROUP B POSITION, AND INSTRUCTIONS TO GNZ DELEGATIONS TO PREVIOUS MEETINGS DEALING WITH THE CF HAVE MAINLY BEEN CONFINED TO THE DICTUM OF "STAYING IN THE MIDDLE OF GROUP B." THE GNZ FEELS, HOWEVER, THAT SUCH TACTICS ARE NOT REALLY POSSIBLE WITHIN THE COMMONWEALTH CONTEXT. AS A RESULT, FOR THE FIRST TIME THE INTERESTED GOVERNMENT AGENCIES HERE ARE FOCUSING ON THE SPECIFICS OF THE CF QUESTION.

2. THE GENERAL: OUR SOUNDINGS WITHIN THE GNZ INDICATE THAT BY AND LARGE WELLINGTON WILL TEND TO FOLLOW THE U.K. LEAD, PARTICULARLY IF BRITISH POLICY REMAINS AS STATED PARA 5, REF. A. GNZ POLICY ON THE CF IS ESSENTIALLY FORMULATED BY THE TREASURY AND MINISTRY OF FOREIGN AFFAIRS. AS A MAJOR IMPORTER OF RAW MATERIALS WITH A CHRONIC BALANCE OF PAYMENTS PROBLEM, THE GNZ IS VERY UNEASY ABOUT AN ARRANGEMENT WHICH COULD ADD TO IMPORT COSTS AND EVEN INVOLVE THE COUNTRY IN SOME TYPE OF A CASH CONTRIBUTION TO ACHIEVE THAT END. OPINION AGAINST THE FUND IS HARDEST IN THE TREASURY, CLEARLY THE MOST IMPORTANT GOVERNMENT CONFIDENTIAL

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INSTITUTION ON ECONOMIC POLICY IN THIS COUNTRY (THE PRIME MINISTER IS ALSO TREASURY MINISTER). WHILE RECOGNIZING THE POLITICAL NECESSITY OF SOME TYPE OF FUND, TREASURY OFFICIALS AGREE FULLY WITH U.S. RESERVATIONS AND WOULD ON THEIR OWN FULLY SUPPORT U.S. POSITIONS ON THE ISSUE. FOREIGN AFFAIRS, ON THE OTHER HAND, WHILE ALSO AGREEING (AFTER A BIT MORE DISCUSSION, THOUGH) WITH U.S. VIEWS, IS A BIT MORE INCLINED TOWARD COMPROMISE TO ACHIEVE BROADER POLITICAL SUPPORT WITH THE DEVELOPING WORLD. SUCH COMPROMISE WOULD, EVEN IN MFA EYES, HOWEVER, HAVE TO COME IN STYLE RATHER THAN HARD SUBSTANCE.

3. SPECIFICS: ON THE SPECIFIC ELEMENTS OF THE DEBATE, GNZ THINKING SEEMS TO COME OUT AS FOLLOWS:

(A) FINANCING: BOTH TREASURY AND MFA AGREE THAT FINANCING THROUGH THE ICA'S IS THE ONLY FEASIBLE POSSIBILITY FOR A CF.

(B) "OTHER MEASURES": THE GNZ AGREES WITH THE U.S.

POSITION THAT "OTHER MEASURES" ARE BEST FINANCED
RPT FINANCED THROUGH EXISTING INSTITUTIONS. AN
MFA OFFICIAL WONDERS, HOWEVER, IF, AS AN ELEMENT OF
COMPROMISE TO MOVE THE DIALOGUE FORWARD, GROUP B
COULD AGREE TO THE FUND SOMEHOW COORDINATING
ASSISTANCE RECEIVED FROM EXISTING INSTITUTIONS OR
TO UNDERTAKE PERIPHERAL ACTIVITIES SUCH AS THE
FUNDING OF ANY TYPE OF FEASIBILITY STUDIES WHICH ARE NOT
BEING SUPPORTED BY EXISTING INSTITUTIONS. THE GNZ
FEELS FINANCING OF "OTHER MEASURES", IF UNDERTAKEN,
SHOULD BE BY VOLUNTARY CONTRIBUTIONS.

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(C) CONDITIONS FOR RESUMING THE NEGOTIATIONS: NEW
ZEALANDERS BY NATURE INCLINE TOWARD REASONABLE
COMPROMISE; AND, IN ANY CASE, AS A SMALL NATION, FIND
THAT MANEUVER AND FLEXIBILITY ARE THE KEYS TO SUCCESS

ON THE INTERNATIONAL SCENE. AS A RESULT, WHILE WE WOULD DOUBT THE GNZ WOULD SHIFT FAR FROM OUR VIEWS ON SUBSTANCE, THEY COULD WELL SUPPORT A U.K. MOVE (PARA 5 REFTEL) TO LOOK HARD FOR LESS IMPORTANT AREAS FOR AGREEMENT.

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4. THE AUSTRALIAN CONNECTION: WE ARE NOT NEARLY AS SURE ABOUT AUSTRALIA BEING ABLE TO "BRING NEW ZEALAND WITH IT" (PARA 4, REF. A) IN MOVING CLOSER TO THE G-77 POSITION. AT AUSTRALIAN INSISTENCE, THE "JOINT STATEMENT" ISSUED BY PRIME MINISTER FRASER AND FOREIGN MINISTER TALBOYS AT THE CONCLUSION OF THE LATTER'S VISIT TO AUSTRALIA CONTAINS THE FOLLOWING CF LANGUAGE: "BOTH COUNTRIES CONTINUE TO SUPPORT MULTILATERAL ARRANGEMENTS FOR APPROPRIATE COMMODITIES INVOLVING BOTH PRODUCERS AND CONSUMERS AS A MEANS OF ACHIEVING MORE STABLE WORLD TRADING CONDITIONS. THEY WISH TO SEE THE UNCTAD NEGOTIATING CONFERENCE ON THE COMMON FUND RESUMED AT THE EARLIEST OPPORTUNITY AND ARE WILLING TO PARTICIPATE ACTIVELY AND CONSTRUCTIVELY IN THESE NEGOTIATIONS TO ACHIEVE AN EARLY SUCCESSFUL OUTCOME." THE AUSTRALIANS HAD, WE UNDERSTAND, WANTED A STRONGER WORDING MORE APPEALING TO THE G-77, BUT TALBOYS RESISTED. BRIEFING MATERIAL PREPARED BY THE GNZ FOR THE LONDON MEETING CLEARLY DRAWS THE DISTINCTION BETWEEN AUSTRALIA AS A RAW MATERIALS EXPORTER AND NEW ZEALAND AS AN IMPORTER. WHILE, AS STATED IN REF B, NEW ZEALAND DOES NOT WANT TO ACTUALLY ANTAGONIZE AUSTRALIA ON THIS ISSUE, WE HAVE SEEN LITTLE EVIDENCE TO INDICATE THAT CANBERRA COULD EASILY "BRING ALONG" ITS TRANS TASMAN NEIGHBOR. ASIDE FROM THE FUNDAMENTAL DIFFERENCES ON THE ISSUES THEMSELVES, NEW ZEALANDERS HAVE A HIGH SENSITIVITY ABOUT ANY AUSTRALIAN TENDENCY TO ADOPT A PATERNALISTIC AND/OR INSENSITIVE STANCE TOWARD NEW ZEALAND AND THE COUNTRY'S INTERESTS. WHILE IT WOULD PROBABLY BE TOO STRONG TO SAY NEW ZEALANDERS REGARD AUSTRALIA AS A "NECESSARY EVIL", SOMETIMES THEIR ATTITUDES SEEM NOT MUCH BELOW THAT LEVEL.

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THUS, ON BOTH THE GENERAL AND THE SPECIFIC, IT WOULD BE ERRONEOUS TO AUTOMATICALLY ASSUME NEW ZEALAND IS IN THE AUSTRALIAN CORNER ON THIS OR ANY OTHER ISSUE

IN THE INTERNATIONAL FORA. HEALY

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